

## **MSU Product Center**

*For Agriculture and Natural Resources*

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

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### **Corn: Cooking Oil - Overview**

#### **Products included in the product line**

- Cooking oil includes oils used for cooking and salads. This includes vegetable oils and vegetable shortening.

#### **General market trends and information**

- Retail sales of cooking oils were estimated to be \$1.02 billion in 2003. It estimated that sales of cooking and salad oils will decline by 10 percent from 2003 to 2008. Several trends are working against cooking oil.
- According to a survey, 93 percent of households use cooking and salad oil.
- An aging population is less likely to cook and use less oil than other groups.
- Cooking oil is also not considered a convenient item. Also, in the eyes of many consumers, cooking oil is considered a commodity which limits the ability to appeal to the demand driver of indulgence.
- There may be a possibility of developing new products that appeal to the demand driver of wellness; products that are free of trans fat, and possess attributes that improve health may find a market.
- The industry is mature and well established.

#### **New product trends**

- From 2001 through the first six month of 2003, there were 308 new product introductions in the North American cooking oil market. This is a market with little in the way of new product introductions compared to other food products.
- What little new product introduction exit focus on wellness, and a combination of indulgence and convenience. Soybean and other types of oils have seen more introductions than corn based oils.

#### **Manufacturing and distribution issues**

- The cooking oil market is dominated by large firms. These include Unilever, Kraft foods, and ConAgra.
- The vast majority of cooking oils are sold through supermarkets.
- Price is an important consideration for many consumers.

#### **Overall assessment of opportunities**

- The greatest potential is in developing products that appeal to the demand driver of wellness. There are limited opportunities in developing products that appeal to the demand drivers of ethnicity, convenience, indulgence and value.

#### **Sources**

Mintel. Edible Fats and Oils.

\_\_\_\_\_. Global New Products Database.